



United States Department of Agriculture
Risk Management Agency

November 2005

2006 COMMODITY INSURANCE FACT SHEET

Nursery

All States

Crop Insured

Nursery crop insurance is available in all counties in all states provided certain criteria are met. Insurance coverage will apply by practice (**field-grown and container**) to all your nursery plants in the county that are:

- Shown on the Eligible Plant List
- Meet all the requirements for insurability; and
- Are grown in an appropriate medium using acceptable production practices.

Nursery containers that contain two or more different genera, species, subspecies, varieties, or cultivars are not insurable. Plants (trees) grown for sale as Christmas trees are not insurable. Plants that produce edible fruits and nuts are insurable, if the plants are available for sale (harvest of the edible fruit or nuts does not affect insurability). An inspection of your nursery will be performed before insurance coverage begins.

New Plant Types: Liners, Palms & Cycads

Duties in the Event of Damage or Loss

Notify your agent within 72 hours (3 days) of your initial discovery of damage and submit a claim for indemnity no later than 60 days after the end of the insurance period.

Causes of Loss

Adverse weather conditions¹

Failure of irrigation water supply²

Loss in plant value due to unmarketable plants³

Fire⁴

Wildlife

¹Including wind, hurricane, and freeze. If cold protection is required by the Eligible Plant List, adequate and operational cold protection measures must be in place. ²If due to an insurable cause of loss. ³Damaged plants cannot be marketed during the normal market period (i.e. poinsettias—November 1-December 25th) due to an insurable cause. ⁴Provided weeds and undergrowth are chemically or mechanically controlled.

Plant damage or losses in value as a result of the following situations are **not** covered:

Collapse or failure of buildings/structures¹

Disease or insect infestation²

Failure of plants to grow to an expected size

Inadequate power supply³

Inability to market nursery products⁴

¹Unless caused by an insurable cause of loss. ²Unless effective control measures for the infestation do not exist. ³Unless such inadequacy is a result of an insurable cause of loss. ⁴Due to stop sales order, quarantine, boycott, phytosanitary restriction on sales, or buyer refusal.

Insurance Period

If you apply for Nursery insurance on or before August 31, 2005, for the 2006 crop year, coverage begins on October 1, 2005. If you apply for insurance after August 31, 2005, and on or before May 1, 2006, for the 2006 crop year, coverage begins 30 days after your crop insurance agent receives a signed application, and you meet the requirements of the Plant Inventory Value Report noted in this fact sheet.

For continuous policies: The 2006 crop year insurance period begins on October 1, 2005.

Coverage will end at the earliest of: (1) the date of final adjustment of a claim when total indemnities equal the amount of insurance, (2) removal of bare root nursery plant material from the field, (3) removal of all other insured plant material from the nursery, or (4) the end of the insurance period, 11:59 p.m. on May 31, 2006.

Definitions

Amount of Insurance - The result of multiplying the full value of all insurable plants in each basic unit by the selected coverage level percentage, multiplied by a price election percentage, multiplied by your share.

Eligible Plant List - A list names of insurable plants, including winter protection requirements (available on CD-ROM from your agent).

Price Election - The price election is limited to 100 percent of the price election for all plant types in the practice and is used to determine the amount of insurance and any indemnity. A \$30 administrative fee is required for each practice insured.

Container Grown Plants - Nursery plants planted and grown in standard nursery containers either above ground or that are placed in the ground, either directly or when placed in another pot in the ground (i.e. pot-in-pot).

Linens - Insurable if the containers are equal to or greater than 1 inch in diameter (including trays containing 200 or fewer individual cells), but less than 3 inches in diameter at the widest point of the container or cell interior, have an established root system reaching the sides of the containers, and are able to maintain a firm root ball when lifted from the containers.

Field Grown Plants - Nursery plants planted and grown in the ground without the use of an artificial root containment device.

Stock Plants - Stock plants used solely for propagation during the insurance period or plants grown for harvest of buds, flowers, or greenery are not insurable.

Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your plant inventory value. Crop insurance premiums are subsidized as shown in the following table. For example, if you selected the 75-percent coverage level, your premium share would be 45 percent of the base premium:

Item	Percent					
Coverage level	50	55	60	65	70	75
Premium subsidy	67	64	64	59	59	55
Your premium share	33	36	36	41	41	45

Catastrophic (CAT) coverage is fixed at 27.5 percent of your plant inventory value. The only cost for CAT coverage is an administrative fee of \$100.

Peak Inventory Endorsement

For increased coverage during certain periods when your inventory value may be significantly higher than the annual plant inventory value, you may want to consider a peak inventory endorsement (not available with the CAT). Contact your crop insurance agent for further details.

Rehabilitation Endorsement

A new endorsement for the 2006 crop year. Applies to field grown plants and provides labor and material costs for pruning and setup (righting, propping, and staking). Not available with CAT insurance. Contact your crop insurance agent for further details.

Plant Inventory Value Report

This report declares the value of your insurable plants. A plant inventory value report is required for each insured practice. Also, two copies of your most recent wholesale catalog or price list must accompany your insurance application.

Wholesale Catalogs must:

- Be type written and legible
- Show an issue date on cover page (may be handwritten)
- Contain name, address and phone number of nursery
- Be used for plant sales to customers
- List plant names, container sizes, and wholesale prices

Loss Example

\$100,000	Plant inventory value
x .65	Coverage level percentage
\$65,000	Unit amount of insurance

In the event of a loss:

\$100,000	Field market value before loss
- \$50,000	Field market value after loss
\$50,000	Value of loss
- \$35,000	Deductible*
\$15,000	Indemnity

*(1 - coverage level) X inventory = (1 - .65) X \$100,000 = \$35,000

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